

**VIA ELECTRONIC AND OVERNIGHT DELIVERY**

July 30, 2004

Kristi Izzo, Secretary  
State of New Jersey  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

**RE: I/M/O COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE  
ENERGY RESOURCE ANALYSIS (Funding Levels and Allocation for  
Clean Energy Programs for the Years 2005 - 2008)**

**BPU DOCKET NO: EX04040276**

**BPU DOCKET NO: EX03110946**

Dear Secretary Izzo:

This letter, filed as an original and ten (10) copies, provides Atlantic City Electric Company's, d/b/a Conectiv Power Delivery (the "Company" or "Conectiv"), comments in response to the Board's Order dated May 7, 2004 concerning the funding levels and allocation for Clean Energy Programs for the years 2005 through 2008. We have also enclosed an extra copy of our filing that we would appreciate being date stamped as filed and returned in the enclosed envelope. In addition, we have also enclosed a diskette containing electronic files of our comments to help facilitate posting to the BPU website. Finally, because we assume that these filed comments will be posted on the Board's website, we have not provided copies of these comments to the entire service list. However, if the Board would like us to provide copies to the service list, please let us know and we will do so.

Based on statewide funding of \$124.125 million, the Company's current funding requirement for 2004 for Clean Energy Programs is \$11.435 million, which is the same as the funding requirement for 2003, as established in the Comprehensive Resource Analysis proceeding and subsequent Board Order, BPU Docket No. EX99050347, dated March 9, 2001. Any increase in the current funding levels would mean an additional increase in costs for our customers, without any guarantee of any "flow back" of benefits to the customers of southern New Jersey.

The statewide funding levels for 2001 through 2003 were established and allocated in accordance with the Board's March 9, 2001 Order. We respectfully submit that there is a need for balancing the impacts on customers and the need to fund energy efficiency and renewable energy programs. To assist with the need of balancing the above competing policies, all new and modified programs should be subject to cost-effectiveness tests similar to tests set forth in the

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New Jersey Utilities Program Compliance Filing Supplement 1 dated July 9, 2001 in BPU Docket Nos. EX99050347, et al., as well as a rate impact analysis. In addition, program evaluations should continue. This will help to ensure that only those programs that are delivering the greatest benefits for the lowest costs with minimal impact on customers' electric rates are selected and implemented, and performing as planned. There should not be a continued "ratcheting-up" of program funding levels in the absence of such analyses.

Conectiv previously provided comments per letter of June 2, 2004 in response to the Board Order of May 7, 2004 on Docket Nos. EX03110946 (*letter listed EX03110945*) and EX04040276 concerning the amount being collected for rates, how funds should be allocated, and how funding for new programs can be generated. The Company's positions on such issues in this proceeding are as set forth in those comments and we hereby incorporate those comments here by reference. As Conectiv strives to keep electric rates as low as possible, while providing reliable service for its customers, it opposes any potential Demand Side Management funding increase to its electric ratepayers without any foreseeable and quantifiable benefits.

Company representatives will be attending the August 5, 2004 meeting and will be available to answer any questions you may have regarding the Company's positions or this letter.

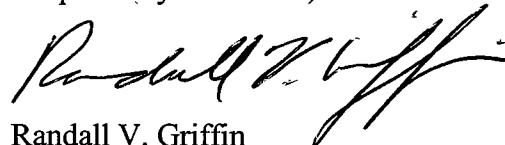
Communications and correspondence regarding this matter should be directed to the Company to the following individuals at the following addresses:

Roger E. Pedersen  
Conectiv Regulatory Affairs  
5100 Harding Highway  
Mays Landing, NJ 08330

Randall V. Griffin  
Pepco Holdings, Inc.  
800 King Street, P.O. Box 231  
Wilmington, DE 19899

Thank you for your attention to this matter.

Respectfully submitted,



Randall V. Griffin

cc: Michael Winka, Director, NJBPU – Office of Clean Energy(w/diskette)  
Internal Distribution